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**FISCAL IMPACT STATEMENT**

**LS 6881**

**BILL NUMBER:** SB 279

**NOTE PREPARED:** Jan 6, 2008

**BILL AMENDED:**

**SUBJECT:** Property tax assessment.

**FIRST AUTHOR:** Sen. Zakas

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill provides that a county or township assessing official who receives a notice for review filed by a taxpayer shall hold a preliminary informal meeting with the taxpayer to resolve as many issues as possible. It provides that if a township assessor determines that the township assessor has made an error in an assessment, the township assessor shall, on the township assessor's own initiative, correct the error. It specifies that the township assessor shall: (1) correct the error without requiring the taxpayer to file a notice with the county property tax assessment board of appeals requesting a review of the township assessor's original assessment; and (2) give notice of the correction. It provides that the township assessor may not increase an assessment under these provisions. It also provides that if a correction results in a reduction of the amount of an assessment of a taxpayer's property, the taxpayer is entitled to a credit on the taxpayer's next tax installment.

**Effective Date:** Upon passage; January 1, 2008 (retroactive).

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Under current law, a taxpayer may request a review of their property assessment with the county property tax assessment board of appeals (PTABOA) whether they have received a notice of an assessment change from the county or not. If they have received a notice of assessment from

the county or township assessor, they must be informed in writing of the opportunity for a review with the county or township assessor. This bill stipulates that the taxpayer must also be informed that they could also hold a preliminary informal meeting with the county or township assessor before any formal proceedings are initiated, and that one would be scheduled. If the taxpayer filed for a review without receiving a notice from the county or township assessor, the county or township assessor would first schedule a preliminary informal meeting with the taxpayer. In either case, the county officials would attempt to resolve as many issues as possible during this meeting.

Within 10 days of the preliminary hearing, the township or county assessor will inform the county auditor and the PTABOA of the results of the hearing on a form prescribed by the Department of Local Government Finance (DLGF). If the county or township assessor and the taxpayer resolve the discrepancy that initially caused the appeal to be filed, the PTABOA would cancel its appeal hearing with the taxpayer. However, if there are outstanding issues, or county officials do not report to the PTABOA within 120 days of receiving the initial petition from the taxpayer, the PTABOA would schedule an appeal hearing.

If the township assessor determines that he has made a mistake in computing the assessment of the taxpayer's property, this bill authorizes the assessor to correct the mistake without requiring the taxpayer to file a notice with the PTABOA. Township assessors are not authorized to increase a taxpayer's assessment. A taxpayer, whose tax liability has been reduced, is entitled to a full credit of the overpayment on his next tax installment.

This bill decentralizes the appeal process by deferring some disputes to the township level. The amount of appeals heard by the PTABOA would likely decrease while the workload of some township and county assessors might increase. On the other hand, some disputes could be resolved more quickly than if they had to be adjudicated by the PTABOA.

This provision might allow appeals to be filed after assessed values (AV) have been certified and tax rates are set. County auditors may currently reduce the certified AV by the amount needed (up to 2% of total AV) to absorb the effects expected to result from successful appeals. Successful appeals filed after tax rates are set result in a reduction of property tax collections for civil taxing units and school corporations. The reduction of assessed value to the tax base would provide a tax shift from these properties to other taxpayers. The actual amount of change in the AV and the tax shift are indeterminable.

The revenue for cumulative funds would be changed by the product of the fund rate multiplied by the net change in the amount applicable to that fund.

**State Agencies Affected:** DLGF

**Local Agencies Affected:** Township assessors, County Assessors, County Auditors, PTABOA

**Information Sources:**

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